




**UMUZIWABANTU MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**

**for the year ended**

**30 June 2006**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 29 in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 20 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
**SD Mbhele**  
Acting Municipal Manager

31/08/2006  
Date

# UMUZIWABANTU MUNICIPALITY

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**UMUZIWABANTU MUNICIPALITY  
GENERAL INFORMATION**

**COUNCIL MEMBERS**

W Memela	(Mayor)
JS Ncwane	(Deputy Mayor)
W Memela	(District Council Representative)
SO Njongo	(District Council Representative)

**GRADING OF MUNICIPALITY**

Grade 4

**AUDITORS**

Auditor General

**BANKERS**

First National Bank of South Africa Limited  
Harding

**REGISTERED OFFICE**

Murchison Street  
HARDING

**ACTING MUNICIPAL MANAGER**

S D Mbhele

**CHIEF FINANCIAL OFFICER**

G L Ruthan

**UMUZIWABANTU MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006**

	Note	2006 R	2005 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>76 782 150</b>	<b>72 454 353</b>
Housing Development Fund	1	3 394 670	3 457 988
Capital replacement reserve		7 570 739	6 999 832
Capitalisation reserve		5 078 258	5 473 671
Government grant reserve		11 187 165	10 505 657
Donations and public contributions reserve		162 688	175 931
Revaluation reserve		27 842 837	27 842 837
Accumulated Surplus		21 545 793	17 998 437
<b>Non- current liabilities</b>			
Long -term liabilities	2	<b>780 541</b>	<b>894 699</b>
<b>Current liabilities</b>		<b>9 028 838</b>	<b>8 741 732</b>
Consumer deposits	3	459 670	419 873
Creditors	4	2 119 107	2 370 280
Unspent grants and receipts	5	6 335 859	5 254 037
Current portion of long - term liabilities	2	114 202	97 623
VAT	6	-	29 850
Bank overdraft	7	-	570 069
<b>Total Net Assets and Liabilities</b>		<b><u>86 591 529</u></b>	<b><u>82 090 784</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>59 974 540</b>	<b>59 653 997</b>
Property,plant and equipment	8	49 433 405	49 120 368
Investments	9	10 799	10 799
Long-term receivables	10	10 530 336	10 522 830
<b>Current assets</b>		<b>26 616 989</b>	<b>22 436 787</b>
Inventory	11	110 602	135 384
Consumer debtors	12	5 941 220	5 072 938
Other debtors	13	1 628 393	297 431
VAT	6	167 290	-
Call investment deposits	14	17 441 269	16 930 282
Bank balance	7	1 327 520	-
Cash	7	695	752
<b>Total Assets</b>		<b><u>86 591 529</u></b>	<b><u>82 090 784</u></b>

**UMUZIWABANTU MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2006**

<b>Budget 2005 R</b>	<b>Budget 2006 R</b>		<b>Note</b>	<b>Actual 2006 R</b>	<b>Actual 2005 R</b>
<b>REVENUE</b>					
3 131 100	3 462 000	Property rates	15	3 502 266	3 266 073
482 000	585 000	Property rates-penalties and charges		699 131	698 638
6 667 700	6 950 000	Service charges	16	7 299 355	6 208 448
140 300	132 000	Rental on facilities and equipment		105 251	93 520
825 000	1 077 000	Interest earned-external investments		1 160 471	1 095 885
321 500	251 000	Fines		31 391	34 405
1 130 400	1 352 500	Licences and permits		873 878	831 021
13 209 000	14 567 700	Government grants and subsidies	17	17 916 113	14 836 054
259 000	322 800	Other Income	18	80 200	74 185
<b>26 166 000</b>	<b>28 700 000</b>	<b>Total Revenue</b>		<b>31 668 056</b>	<b>27 136 229</b>
<b>EXPENDITURE</b>					
9 055 430	11 565 520	Employee related costs	19	9 846 853	8 588 102
800 000	1 460 000	Remuneration of Councillors	20	997 635	938 436
5 300	5 600	Bad debts		827 739	-
-	-	Depreciation		1 551 557	-
1 887 000	1 943 400	Repairs and maintenance		1 386 411	1 270 863
157 800	184 100	Interest paid	21	157 455	171 468
3 847 000	4 955 000	Bulk purchases	22	4 278 204	4 159 957
2 492 500	1 030 000	Contracted services		1 423 248	1 909 260
25 000	25 000	Grants paid		11 270	7 685
5 321 370	6 337 300	General expenses		6 326 392	4 980 935
-	-	Interest earned - transferred to Statutory Funds	-	-	481 029
-	-	Government grants retained in creditors		1 778 103	2 647 996
<b>23 591 400</b>	<b>27 505 920</b>	<b>Total Expenditure</b>		<b>28 584 867</b>	<b>25 155 731</b>
2 574 600	1 194 080	<b>SURPLUS</b>		3 083 189	1 982 498
<b>CHANGE IN ACCOUNTING POLICY</b>					
(2 574 600)	(1 194 080)	Implementation of GAMAP	23	-	(1 564 002)
<b>-</b>	<b>-</b>	<b>SURPLUS FOR THE YEAR</b>		<b>3 083 189</b>	<b>418 496</b>
Refer to Appendix E (1) for explanation of variances					

**UMUZIWABANTU MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006**

	<b>Pre-GAMAP Reserves and Funds</b>	<b>Housing Development Fund</b>	<b>Capital Replacement Reserve</b>	<b>Capitalisation Reserve</b>	<b>Government Grant Reserve</b>	<b>Donations and Public Contribution Reserve</b>	<b>Revaluation Reserve</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>2005</b>									
Balance at 30 June 2005	66 275 966	3 446 200	0	0	0	0	0	12 765 226	82 487 392
Implementation of GAMAP (note 23)	(66 275 966)	11 788	6 999 832	5 473 671	10 505 657	175 931	27 842 837	5 233 211	(10 033 039)
Re-stated balance at 30 June 2005	-	3 457 988	6 999 832	5 473 671	10 505 657	175 931	27 842 837	17 998 437	72 454 353
<b>2006</b>									
Surplus for the year								3 083 189	3 083 189
Net operating income		1 283							1 283
Depreciation for the year		(112 871)							-112 871
Contribution to Capital Replacement Reserve			1 335 000					(1 335 000)	-
Property, plant and equipment purchased			(764 093)					764 093	-
Capital grants used to purchase PPE					1 213 372			(1 213 372)	-
Offsetting of depreciation									
- transfer to Accumulated Surplus				(395 413)	(483 594)	(13 243)		892 250	-
- transfer to Housing Development Fund		48 270			(48 270)				-
Adjustment for para 3.4 of 2005 Audit Report								1 356 196	1 356 196
- raising UGU debtor									
<b>Balance at 30 June 2006</b>	<b>-</b>	<b>3 394 670</b>	<b>7 570 739</b>	<b>5 078 258</b>	<b>11 187 165</b>	<b>162 688</b>	<b>27 842 837</b>	<b>21 545 793</b>	<b>76 782 150</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and others		29 468 812	24 993 472
Cash paid to suppliers and employees		(25 980 759)	(20 077 205)
Prior year adjustments		-	6 746 047
<b>Cash generated from/(utilised in) operations</b>	24	<b>3 488 053</b>	<b>11 662 314</b>
Interest received		1 160 471	1 095 885
Interest paid		(157 455)	(171 468)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>4 491 069</b>	<b>12 586 731</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1 977 465)	(3 626 426)
(Increase)/decrease in long - term receivables		(7 506)	(6 618 734)
(Increase)/decrease in call investment deposits		(510 987)	(2 887 641)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(2 495 958)</b>	<b>(13 132 801)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan raised/(repaid)		(97 579)	(83 554)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(97 579)</b>	<b>(83 554)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1 897 532</b>	<b>(629 624)</b>
Cash and cash equivalents at the beginning of the year	25	(569 317)	60 307
Cash and cash equivalents at the end of the year	25	<b>1 328 215</b>	<b>(569 317)</b>

**UMUZIWABANTU MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**1. BASIS OF PRESENTATION**

The financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land, which is carried at valuation-roll values.

In accordance with section 122(3) of the Municipal Finance Management Act (Act No.56 of 2003), the Municipality has adopted Standards of GAMAP and GRAP Issued by the Accounting Standards Board during the financial year.

GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years.

Comparative amounts have been restated retrospectively to the extent possible.

The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in note 23.

**2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**4. RESERVES**

**4.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from accumulated surplus/deficit to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account.

The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/deficit is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

**4.2 Capitalisation Reserve**

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/deficit in terms of a directive issued by National Treasury.



**UMUZIWABANTU MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**4.2 Capitalisation Reserve (continued)**

The purpose of this Reserve is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

**4.3 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to accumulated surplus/(deficit).

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

**4.4 Donations and Public Contributions Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

**UMUZIWABANTU MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**4.5 Revaluation Reserve**

The surplus arising from the revaluation of land is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

**5. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, is stated at cost less accumulated depreciation, except land, which is revalued as indicated below.  
 Land is not depreciated as it is deemed to have an indefinite life.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

<b>Infrastructure</b>	<b>Years</b>	<b>Other</b>	<b>Years</b>
Roads and Paving	10	Building	30
Taxi Ranks	20	Vehicles	5
		Disaster Management	2-10
<b>Community</b>		Office equipment	2-10
Buildings	30	Furniture and fittings	2-10
Refuse Dump	20	Plant and equipment	2-15

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and carrying value and is recognised in the Statement of Financial Performance.

**6. REVALUATION OF LAND**

Land is stated at the values reflected in the valuation roll. The effective date of the last revaluation was 1 January 1999.

**7. ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

**8. CREDITORS**

Trade creditors are stated at their nominal value.

**UMUZIWABANTU MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**9. REVENUE RECOGNITION**

**9.1 Revenue from Exchange Transactions**

Service charges relating to electricity are based on consumption. Meters are read monthly and charges are recognised as revenue when invoiced. Any adjustments are recognised as revenue in the invoicing period.  
Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividends.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.  
Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

**9.2 Revenue from non-exchange transactions**

Revenue from property rates is recognised when the legal entitlement to this revenue arises.  
Collection charges are recognised when such amounts are legally enforceable.  
Penalty interest on unpaid rates is recognised on the time proportion basis.

Fines constitute both spot fines and summonses.  
Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment when such items of property, plant and equipment are brought into use.

**UMUZIWABANTU MUNICIPALITY  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**9. REVENUE RECOGNITION (continued)**

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**10. CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions and obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

**11. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

**12. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

**13. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**UMUZIWABANTU MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**14. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003) the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**15. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**16. COMPARATIVE INFORMATION**

**16.1 Current year comparatives:**

Budgeted amounts have been included in the annual statements for the current financial year only.

**16.2 Prior year comparatives:**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**17. RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially.

**18. INVESTMENTS**

Financial instruments, which include short - term deposits invested in recognised commercial banks, are stated at cost.

**UMUZIWABANTU MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	<b>2006 R</b>	<b>2005 R</b>
<b>1. HOUSING DEVELOPMENT FUND</b>		
Housing Development Fund	<b><u>3 394 670</u></b>	<b><u>3 457 988</u></b>
The Housing development fund is represented by the following assets and liabilities		
- Property, plant and equipment (see note 8)	32 767	32 767
- Housing rental debtors (see note 13)	50 465	37 979
- Cash resources	3 334 025	3 409 829
Sub- total	<u>3 417 257</u>	<u>3 480 575</u>
- Creditors (see note 4)	(22 587)	(22 587)
<b>Total Housing Development Fund Assets and Liabilities</b>	<b><u>3 394 670</u></b>	<b><u>3 457 988</u></b>
<b>2. LONG -TERM LIABILITIES</b>		
Annuity Loans	894 743	992 322
Less: Current portion transferred to current liabilities	(114 202)	(97 623)
<b>Total External Loans</b>	<b><u>780 541</u></b>	<b><u>894 699</u></b>
Refer to Appendix A for more detail on long -term liabilities.		
<b>3. CONSUMER DEPOSITS</b>		
Electricity	<b><u>459 670</u></b>	<b><u>419 873</u></b>
<b>4. CREDITORS</b>		
Trade creditors	1 009 917	566 459
Housing creditors	22 587	22 587
Staff leave	830 257	696 517
Other creditors	256 346	1 084 717
<b>Total creditors</b>	<b><u>2 119 107</u></b>	<b><u>2 370 280</u></b>

**UMUZIWABANTU MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
<b>5. UNSPENT GRANTS AND RECEIPTS</b>		
<b>2.1 Conditional grants from other spheres of Government</b> Provincial and National (see note 17)	4 706 337	4 433 684
<b>2.2 Unconditional grant</b> Equitable Share (see note 17)	1 629 522	820 353
<b>Total unspent Grants and Receipts</b>	<u><u>6 335 859</u></u>	<u><u>5 254 037</u></u>
See Note 17 for reconciliation of grants from other spheres of government. These amounts are invested in ring-fenced investments until utilised.		
<b>6. VAT</b>		
<b>VAT receivable ( payable )</b>	<u><u>167 290</u></u>	<u><u>(29 850)</u></u>
VAT is payable on the invoice basis.		
<b>7. BANK BALANCES AND CASH</b>		
<b>7.1 The Municipality has the following bank account:</b>		
<u>Current Account (Primary Bank Account)</u> First National Bank-Harding Account Number - 52401817550		
Cash Book balance at beginning of year	(570 069)	60 307
Cash Book balance at end of year	<u><u>1 327 520</u></u>	<u><u>(570 069)</u></u>
Bank Statement balance at beginning of year	157 894	656 765
Bank Statement balance at end of year	<u><u>1 357 090</u></u>	<u><u>157 894</u></u>
 <u>Cash Book balance at end of year</u>	 <u><u>1 327 520</u></u>	 <u><u>(570 069)</u></u>
<b>7.2 Cash balances</b>	<u><u>695</u></u>	<u><u>752</u></u>

UMUZIWABANTU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

8. PROPERTY, PLANT AND EQUIPMENT  
30 JUNE 2006

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2005	20 474 021	8 748 848	15 496 931	4 400 568	49 120 368
Cost	4 931 684	13 380 904	6 123 446	6 370 321	30 806 355
Revaluation	17 633 000	-	10 209 838	-	27 842 838
Accumulated depreciation	2 090 663	4 632 056	836 353	1 969 753	9 528 825
- Cost	2 090 663	4 632 056	836 353	1 969 753	9 528 825
- Revaluation	-	-	-	-	-
Acquisitions	1 213 372	301 694	29 566	432 833	1 977 465
Adjustments					0
Depreciation	190 073	441 679	311 145	721 531	1 664 428
Carrying value of disposals:					
Cost/revaluation					
Accumulated depreciation					
Carrying values at 30 June 2006	21 497 320	8 608 863	15 215 352	4 111 870	49 433 405
Cost	6 145 056	13 682 598	6 153 012	6 803 154	32 783 820
Revaluation	17 633 000	-	10 209 838	-	27 842 838
Accumulated depreciation	2 280 736	5 073 735	1 147 498	2 691 284	11 193 253
- Cost	2 280 736	5 073 735	1 147 498	2 691 284	11 193 253
- Revaluation	-	-	-	-	-

Land is stated at the values reflected in the valuation roll.  
The effective date of the last revaluation was 1 January 1999.

Refer to Appendix B for more detail on property, plant and equipment.



UMUZIWABANTU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

8. PROPERTY, PLANT AND EQUIPMENT (continued)  
30 JUNE 2005

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
<b>Carrying values at 1 July 2004</b>	<b>22 104 171</b>	<b>13 347 343</b>	<b>17 577 081</b>	<b>4 826 422</b>	<b>57 855 017</b>
Cost	4 471 171	13 347 343	5 720 021	4 826 422	28 364 957
Revaluation	17 633 000	-	11 857 060	-	29 490 060
Accumulated depreciation	-	-	-	-	-
- Cost	-	-	-	-	-
- Revaluation	-	-	-	-	-
Acquisitions	460 513	100 191	434 137	2 631 586	3 626 427
Disposals	-	-	-	(583 473)	(583 473)
Adjustments	-	(66 630)	(30 712)	(504 214)	(601 556)
Revaluation	-	-	(1 647 222)	-	(1 647 222)
Backlog Depreciation	2 090 663	4 632 056	836 353	1 969 753	9 528 825
<b>Carrying values at 30 June 2005</b>	<b>20 474 021</b>	<b>8 748 848</b>	<b>15 496 931</b>	<b>4 400 568</b>	<b>49 120 368</b>
Cost	4 931 684	13 380 804	6 123 446	6 370 321	30 806 355
Revaluation	17 633 000	0	10 209 838	0	27 842 838
Accumulated depreciation	2 090 663	4 632 056	836 353	1 969 753	9 528 825
- Cost	2 090 663	4 632 056	836 353	1 969 753	9 528 825
- Revaluation	-	-	-	-	-

Land is stated at the values reflected in the valuation roll.  
The effective date of the last revaluation was 1 January 1999.

Refer to Appendix B for more detail on property, plant and equipment

**UMUZIWABANTU MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
<b>9. INVESTMENTS</b>		
Unlisted:		
Shares	10 799	10 799
Management's valuation of unlisted investments	<u>10 799</u>	<u>10 799</u>
<b>10. LONG -TERM RECEIVABLES</b>		
Forestry deferred profit	<u>10 530 336</u>	<u>10 522 830</u>
<b>11. INVENTORY</b>		
Consumable stores	<u>110 602</u>	<u>135 384</u>
<b>12. CONSUMER DEBTORS</b>		
Service debtors	4 936 769	3 979 541
Rates	308 294	166 176
Refuse	96 760	96 912
Water debtors suspense	1 438 112	773 290
Electricity	524 165	592 161
Sundry	7 304 100	5 608 079
	<u>(1 362 880)</u>	<u>(535 141)</u>
Less: Provision for bad debts	<u>5 941 220</u>	<u>5 072 938</u>
<b>Total</b>		
The debtors system does not cater for		
- ageing of consumer debtors		
- customer classification of debtors		
<b>13. OTHER DEBTORS</b>		
Ugu District Municipality	1 256 937	10 400
Stolen monies control account	175 165	175 165
Sundry	141 935	5 746
Salaries control	3 891	68 141
Housing rental debtors	50 465	37 979
<b>Total Other Debtors</b>	<u>1 628 393</u>	<u>297 431</u>
<b>14. CALL INVESTMENT DEPOSITS</b>		
Other deposits	<u>17 441 269</u>	<u>16 930 282</u>

Deposits of R 7,616,423 ( 2005 : R 6, 999, 832 ) will be ring-fenced and attributable to the Capital Replacement Reserve.  
Further deposits of R 4,706,337 (2005:R 4,433,684) have also been ring-fenced to cover unspent conditional grants and receipts.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
<b>15. PROPERTY RATES</b>		
<b>Actual</b>		
Residential	1 311 674	1 198 393
Commercial and Industrial	1 601 911	1 512 754
State	588 661	554 926
<b>Total Assessment Rates</b>	<b>3 502 246</b>	<b>3 266 073</b>
<b>Valuations</b>		
Residential	97 284 000	97 131 800
Commercial and Industrial	62 183 000	61 726 200
State	14 586 000	14 566 000
<b>Total Property Valuations</b>	<b>174 033 000</b>	<b>173 424 000</b>
<p>Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 January 1999. Interim valuations are processed to take into account changes in individual property values due to alterations and subdivisions. Different rate randages for Domestic, Commercial, Industrial and State properties are applied to property valuations to determine assessment rates. Rates are levied annually. Interest at 18% per annum is levied on outstanding rates, as well as a 10% collection charge two months after final date for payment.</p>		
<b>16. SERVICE CHARGES</b>		
Sale of electricity	6 588 289	5 566 334
Refuse removal	711 066	642 114
Sundry charges	0	-
<b>Total Service Charges</b>	<b>7 299 355</b>	<b>6 208 448</b>
<b>17. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Receipts</b>		
Equitable share	14 190 867	10 960 177
Provincial and National	3 187 040	3 417 561
Health subsidies	538 206	458 316
<b>Total Government Grants and Subsidies</b>	<b>17 916 113</b>	<b>14 836 054</b>
<b>17.1 Equitable share</b>		
Unspent at beginning of year	820 353	-
Current year receipts	14 190 867	10 960 177
Spent during the year	(13 381 698)	(10 139 824)
Unspent at end of the year (see note 5)	<b>1 629 522</b>	<b>820 353</b>
<b>17.2 Provincial and National</b>		
Unspent at beginning of year	4 433 684	3 361 077
Current year receipts	3 187 040	3 417 561
Spent during the year	(2 914 387)	(2 344 954)
Conditions still to be met - transferred to liabilities (see note 5)	<b>4 706 337</b>	<b>4 433 684</b>
<b>17.3 Changes in levels of government grants</b>		
<p>Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forth coming 3 financial years.</p>		

UMUZIWABANTU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2005 R
<b>18. OTHER INCOME</b>		
Sale of timber	80 200	74 185
Other income	80 200	74 185
<b>Total Other Income</b>	<b>80 200</b>	<b>74 185</b>
<b>19. EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	7 043 324	6 131 272
Employee related costs - Contributions to UIF, pensions and medical aids	1 559 519	1 475 502
Travel, motor car, accommodation, subsistence, housing and other allowances	548 564	415 708
Uniforms and protective clothing	44 929	51 768
Overtime payments	650 516	513 852
Performance bonus	9 846 852	8 588 102
<b>Total Employee Related Costs</b>	<b>9 846 852</b>	<b>8 588 102</b>
There were no advances to employees.		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	304 713	282 644
Bonus	33 600	28 000
Car Allowance	96 000	96 000
Other Allowances	13 193	1 200
Contributions to UIF, Medical and Pension Funds	113 369	85 753
<b>Total</b>	<b>560 875</b>	<b>493 597</b>
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	231 956	127 635
Bonus	20 851	0
Car Allowance	60 102	40 068
Other Allowances	18 276	5 782
Contributions to UIF, Medical and Pension Funds	67 812	38 415
<b>Total</b>	<b>398 797</b>	<b>211 900</b>
<b>Remuneration of Manager of Corporate Services</b>		
Annual Remuneration	251 782	124 375
Bonus	18 245	0
Car Allowance	60 000	35 000
Other Allowances	3 797	0
Contributions to UIF, Medical and Pension Funds	56 861	26 756
<b>Total</b>	<b>390 685</b>	<b>186 131</b>
<b>Remuneration of Manager of Technical Services</b>		
Annual Remuneration	248 940	194 952
Bonus	31 276	31 094
Car Allowance	60 102	60 102
Other Allowances	45 120	860
Contributions to UIF, Medical and Pension Funds	33 243	67 044
<b>Total</b>	<b>418 681</b>	<b>354 052</b>
<b>20. REMUNERATION OF COUNCILLORS</b>		
Mayor	103 286	94 286
Deputy Mayor	84 845	77 520
Councillors	809 504	766 830
<b>Total</b>	<b>997 635</b>	<b>938 436</b>

UMUZIWABANTU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
<b>21. INTEREST PAID</b>		
Annuity loans	<u>157 455</u>	<u>171 488</u>
<b>22 BULK PURCHASES</b>		
Electricity	<u>4 278 204</u>	<u>4 159 957</u>
<b>23. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:		
<b>23.1 Statutory Funds</b>		
Balance previously reported	-	8 081 951
Capital Development Fund	-	<u>21 799 958</u>
Public Improvement Fund	-	<u>29 881 909</u>
<b>Implementation of GAMAP</b>		
Transferred to Capital Replacement Reserve	-	6 781 261
Transferred to Capitalisation Reserve	-	5 473 670
Transferred to Revaluation Reserve	-	17 633 000
Transferred to Accumulated Surplus (see 23.6 below)	-	13 978
<b>Total</b>	-	<u>29 881 909</u>
<b>23.2 Loans Redeemed and Other Capital Receipts</b>		
Balance previously reported	-	<u>33 955 485</u>
Adjustments made	-	(684 554)
<b>Implementation of GAMAP</b>		
Transferred to Government Grant Reserve	-	10 505 657
Transferred to Donations and Public Contributions Reserve	-	175 931
Transferred to Accumulated Surplus (see 23.6 below)	-	11 843 349
Transferred to Revaluation Reserve	-	10 209 838
Housing Development Fund : backlog depreciation	-	1 893 476
Housing Development Fund : other	-	11 788
<b>Total</b>	-	<u>33 955 485</u>
<b>23.3 Reserves</b>		
Balance previously reported	-	<u>2 438 571</u>
<b>Implementation of GAMAP</b>		
Transferred to Capital Replacement Reserve	-	238 571
Transferred to Accumulated Surplus (see 23.6 below)	-	2 200 000
<b>Total</b>	-	<u>2 438 571</u>
<b>23.4 Property, plant and equipment</b>		
Balance previously reported	-	59 121 517
Assets incorrectly capitalised	-	(472 324)
<b>Total</b>	-	<u>58 649 193</u>
<b>23.5 Accumulated Depreciation</b>		
Balance previously reported	-	-
<b>Implementation of GAMAP</b>		
Backlog depreciation: Buildings	-	2 090 663
Backlog depreciation: Infrastructure	-	4 632 056
Backlog depreciation: Community	-	836 353
Backlog depreciation: Other	-	1 969 753
<b>Total (see 23.6 below)</b>	-	<u>9 528 825</u>
Accumulated Surplus	-	7 635 349
Housing Development Fund	-	1 893 476
	-	<u>9 528 825</u>

UMUZIWABANTU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

Note 23 (continued)	2006 R	2005 R
<b>23.6 Accumulated Surplus/(Deficit)</b>		
Implementation of GAMAP		
Transferred from Statutory Funds (see 23.1 above)	-	13 978
Transferred from Loans Redeemed and Other Capital	-	11 843 349
Receipts (see 23.2 above)	-	2 200 000
Transferred from Reserves (see 23.3 above)	-	(7 635 348)
Backlog depreciation (see 23.5 above)	-	(1 188 768)
Funding shortfall adjustment	-	5 233 211
<b>Total</b>	<b>-</b>	<b>5 233 211</b>

23.7 Operating expenditure	Budget 2006 R	Budget 2005 R	Actual 2005 R
Contribution to Capital Development Funds	-	706 500	726 203
Contribution to Working Capital Reserve	-	150 000	0
External loan redemption	71 200	83 560	83 554
Internal loan charges	1 122 880	1 634 540	951 803
Income - interest on internal advances	-	-	(197 558)
	<b>1 194 080</b>	<b>2 574 600</b>	<b>1 564 002</b>

24. CASH GENERATED BY OPERATIONS	2006 R	2005 R
Surplus for the year	3 083 189	418 496
Prior year adjustments	1 356 196	6 746 047
Adjustment for: -		
Depreciation	1 551 557	0
Contribution to bad debts provision	827 739	0
Investment income	(1 160 471)	(614 856)
Interest paid	157 455	171 468
Cash contributions from the public and state	-	1 691 278
Water Service CDF transferred	-	(589 671)
Housing Development Fund	1 283	8 255
Expenditure charged to provisions and reserves	-	(578 410)
Implementation of GAMAP	-	2 042 101
<b>Operating surplus before working capital changes:</b>	<b>5 816 948</b>	<b>9 294 708</b>
Increase/(decrease) in consumer deposits	39 797	(3 884)
(Increase)/decrease in inventory	24 782	41 509
(Increase)/decrease in consumer debtors	(1 696 021)	(143 342)
(Increase)/decrease in other debtors	(1 330 962)	(179 361)
(Decrease)/increase in unspent conditional grants and receipts	1 081 822	1 892 960
Increase/(decrease) in creditors	(251 173)	759 724
(Increase)/decrease in VAT	(197 140)	0
<b>Cash generated by/(utilised in ) operations</b>	<b>3 488 053</b>	<b>11 662 314</b>

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

<b>Bank balance and cash</b>	<b>1 328 215</b>	<b>(569 317)</b>
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UMUZIWABANTU MUNICIPALITY

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
<b>26. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b><u>26.1 Contributions to organised local government</u></b>		
Opening balance	-	-
Council subscriptions	36 021	43 142
Amount paid - current year	(36 021)	(43 142)
Amount paid - previous years	-	-
Balance unpaid	<u>0</u>	<u>0</u>
<b><u>26.2 Audit fees</u></b>		
Opening balance	-	-
Current year audit fee	562 355	262 991
Amount paid - current year	(562 355)	(262 991)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>
<b><u>26.3 VAT</u></b>		
VAT inputs receivables and VAT outputs payable are shown in note 6. All Vat returns have been submitted by the due date throughout the year.		
<b><u>26.4 PAYE and UIF</u></b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	1 065 371	896 739
Amount paid - current year	(1 065 371)	(896 739)
Amount paid - previous years	-	-
Balance unpaid	<u>0</u>	<u>0</u>
<b><u>26.5 Pension and Medical Aid Deductions</u></b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	2 245 228	1 241 282
Amount paid - current year	(2 245 228)	(1 241 282)
Amount paid - previous years	-	-
Balance unpaid	<u>0</u>	<u>0</u>

UMUZIWABANTU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
<b>27. CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
-Approved and contracted for	0	0
<i>Infrastructure</i>	0	0
<i>Community</i>	0	0
<i>Other</i>	0	0
 -Approved but not yet contracted for	12 500 000	10 000 000
<i>Infrastructure</i>	5 950 000	160 000
<i>Community</i>	1 750 000	7 650 000
<i>Other</i>	4 800 000	2 190 000
<b>Total</b>	<b>12 500 000</b>	<b>10 000 000</b>
 This expenditure will be financed from;		
-External Loans	0	0
-Capital Replacement Reserve	6 850 000	2 600 000
-Government Grants	5 650 000	7 400 000
-Own resources	0	
<b>Total</b>	<b>12 500 000</b>	<b>10 000 000</b>

**28. RETIREMENT BENEFIT INFORMATION**

The personnel are members of the Natal Joint Municipal Pension Fund. This fund is subject to a triennial actuarial valuation. The last valuation was performed in 2003. The deficit was R 22,4 million in respect of pensioners, the deficit was R 201,7 million in respect of members and the Fund did not hold an investment reserve.

The contributions have been expensed.

**29. CONTINGENT LIABILITY**



**APPENDIX A**  
**UMUZIWABANTU MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006**

EXTERNAL LOANS	Redeemable	Interest Rate	Balance at 30.06.2005	Received during the year	Redeemed during the year	Balance at 30.06.2006	Carrying Value of Property, Plant and Equipment
			R	R	R	R	R
Development Bank of SA	31.12.2010	16,25%	304 673	-	(37 465)	267 208	
Development Bank of SA	30.06.2011	16,38%	318 465	-	(34 591)	283 874	
Development Bank of SA	30.06.2013	15,80%	369 184	-	(25 523)	343 661	
			992 322	0	(97 579)	894 743	826 139

APPENDIX B

UMUZIWABANTU MUNICIPALITY: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

	Cost /Revaluation					Accumulated Depreciation				Carrying Value	Budget Additions 2006
	Opening Balance	Additions 2005/2006	Adjustments 2005/2006	Disposals 2005/2006	Closing Balance	Opening Balance	Depreciation 2005/2006	Disposals	Closing Balance		
<b>Land and Buildings</b>											
Land	17 633 000				17 633 000					17 633 000	-
Office	1 213 877	1 213 372			2 427 249	159 801	66 152		225 953	2 201 296	714 000
Workshop	275 302				275 302	18 473	9 177		27 650	247 652	200 000
Public toilets	56 376				56 376	18 913	1 873		20 786	35 590	-
Housing projects	3 386 129				3 386 129	1 893 476	112 871		2 006 347	1 379 782	-
	<b>22 564 684</b>	<b>1 213 372</b>			<b>23 778 056</b>	<b>2 090 663</b>	<b>190 073</b>		<b>2 280 736</b>	<b>21 497 320</b>	<b>914 000</b>
<b>Infrastructure</b>											
Roads, Streets, Taxi ranks	4 363 561				4 363 561	2 366 883	164 059		2 530 922	1 832 639	-
Electricity	9 017 343	301 694			9 319 037	2 285 193	277 620		2 562 813	6 776 224	150 000
	<b>13 380 904</b>	<b>301 694</b>	<b>0</b>	<b>0</b>	<b>13 682 598</b>	<b>4 652 056</b>	<b>441 679</b>	<b>0</b>	<b>5 073 735</b>	<b>8 608 863</b>	<b>150 000</b>
<b>Community Assets</b>											
Dump fencing	370 285				370 285	123 428	123 428		246 856	123 429	-
Cemetery fencing	17 112				17 112	17 112			17 112	0	-
Plantations and machinery	10 376 594				10 376 594	54 757	6 223		59 980	10 316 614	-
Sports Clubs	11 785				11 785	11 785			11 785	0	-
Library	1 798 361				1 798 361	127 090	59 939		187 029	1 611 332	100 000
Town hall	92 350				92 350	91 210	360		91 590	760	150 000
Clinic	463 072				463 072	154 357	15 436		169 793	293 279	-
Estates	223 454				223 454	100 970	6 668		107 638	115 816	-
Community buildings	2 980 271	29 567			3 009 838	155 644	100 071		255 715	2 754 123	2 350 000
	<b>16 333 284</b>	<b>29 567</b>	<b>0</b>	<b>0</b>	<b>16 362 851</b>	<b>836 353</b>	<b>311 145</b>	<b>0</b>	<b>1 147 498</b>	<b>15 215 353</b>	<b>2 600 000</b>
<b>Other Assets</b>											
Motor vehicles	2 572 613	250 488			2 823 101	977 408	288 310		1 265 716	1 557 385	200 000
Plant, machinery and equipment	2 271 402	136 660			2 408 062	437 442	218 155		655 597	1 752 465	746 000
Weapons	16 255				16 255	4 735	1 430		6 165	10 090	-
Disaster management equipment	30 831				30 831	2 619	4 404		7 023	23 808	-
Office equipment	939 677	4 788			944 475	370 303	144 753		515 056	429 419	190 000
Office furniture and fittings	539 235	40 886			580 121	176 940	64 479		241 419	338 702	150 000
Dipping and grazing	308				308	308			308	0	-
	<b>6 370 321</b>	<b>432 832</b>	<b>0</b>	<b>0</b>	<b>6 803 153</b>	<b>1 969 753</b>	<b>721 531</b>	<b>0</b>	<b>2 691 284</b>	<b>4 111 869</b>	<b>1 286 000</b>
<b>Total Assets</b>	<b>58 649 193</b>	<b>1 977 485</b>	<b>0</b>	<b>0</b>	<b>60 626 658</b>	<b>9 528 825</b>	<b>1 664 428</b>	<b>0</b>	<b>11 193 253</b>	<b>49 433 405</b>	<b>4 950 000</b>

APPENDIX C

**UMUZIWABANTU MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
30 JUNE 2006

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions 2005/2006	Adjustments 2005/2006	Disposals 2005/2006	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Rate and General Service Administration	1 344 608	45 684			1 390 292	452 303	203 856		656 159	734 133
Afforestation	10 446 279				10 446 279	124 442	5 223		129 665	10 316 614
Clinic	571 226				571 226	220 814	27 045		247 859	323 367
Dipping and Grazing	308				308	308			308	0
Estates	223 454				223 454	100 970	6 668		107 638	115 816
Library	2 157 740				2 157 740	177 423	101 857		279 280	1 878 460
Parks and Gardens	111 728				111 728	101 935	9 793		111 728	0
Public Health	1 523 669	90 783			1 614 452	616 258	254 319		870 577	743 875
Public Works	6 916 195	136 660			7 052 855	2 913 387	393 277		3 306 664	3 746 191
Municipal Buildings & Halls	4 338 590	1 242 936			5 581 526	441 307	171 689		612 996	4 968 532
Protection Services	249 678				249 678	48 244	32 362		80 606	169 072
Workshop	387 306				387 306	97 942	18 334		116 276	271 030
Land	17 633 000				17 633 000	0			0	17 633 000
	45 903 781	1 516 065	0	0	47 419 846	5 295 333	1 224 423	0	6 519 756	40 900 090
Electricity Service	9 359 283	461 400			9 820 683	2 340 015	112 871		2 452 886	7 367 797
Housing	3 386 129				3 386 129	1 893 477	327 134		2 220 611	1 165 518
<b>TOTAL</b>	<b>58 649 193</b>	<b>1 977 465</b>	<b>0</b>	<b>0</b>	<b>60 626 658</b>	<b>9 528 825</b>	<b>1 664 428</b>	<b>0</b>	<b>11 193 253</b>	<b>49 433 405</b>

**APPENDIX D**

**UMUZIWABANTU MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2006**

2005 Actual Income	2005 Actual Expenditure	2005 Surplus / ( Deficit )		2006 Actual Income	2006 Actual Expenditure	2006 Surplus / ( Deficit )
R	R	R		R	R	R
			<b>RATE AND GENERAL SERVICE</b>			
			<b>Community Services</b>			
3 266 073	-	3 266 073	Assessment Rates	3 502 266	-	3 502 266
2 919 088	5 444 624	(2 525 536)	Administration	5 824 049	7 467 590	(1 643 541)
82 800	1 577 246	(1 494 446)	Council	-	1 830 376	(1 830 376)
435 784	529 921	(94 137)	Clinic	521 307	702 443	(181 136)
32 905	46 856	(13 951)	Estates General	24 954	15 930	9 024
3 231	251 008	(247 777)	Library	4 161	521 336	(517 175)
1 617 728	3 015 757	(1 398 029)	Public Works	1 819 426	3 078 272	(1 258 846)
58 311	407 829	(349 518)	Municipal Buildings	75 970	679 421	(603 451)
-	231 318	(231 318)	Workshop	-	272 720	(272 720)
2 931 487	1 367 465	1 564 002	Implementation of GAMAP	-	-	-
<u>11 347 387</u>	<u>12 872 024</u>	<u>(3 088 639)</u>		<u>11 772 133</u>	<u>14 568 088</u>	<u>(2 795 955)</u>
			<b>Subsidised Services</b>			
37 169	334 428	(297 259)	Cemetery	38 629	335 865	(297 236)
751	51 671	(50 920)	Parks and Gardens	348	73 888	(73 540)
5 752 085	877 566	4 874 519	Public Health - General	6 629 340	1 146 977	5 482 363
1 079 714	1 154 924	(75 210)	Public Health - Refuse	1 648 565	1 057 472	591 093
<u>6 869 719</u>	<u>2 418 589</u>	<u>4 451 130</u>		<u>8 316 882</u>	<u>2 614 202</u>	<u>5 702 680</u>
			<b>Economic Services</b>			
-	-	-	Afforestation	-	5 223	(5 223)
200	897	(697)	Licensing	-	-	-
864 752	913 121	(48 369)	Traffic Control	904 678	907 521	(2 843)
<u>864 952</u>	<u>914 018</u>	<u>(49 066)</u>		<u>904 678</u>	<u>912 744</u>	<u>(8 066)</u>
<u>19 082 058</u>	<u>16 204 631</u>	<u>1 313 425</u>	<b>Total Rate and General Service</b>	<u>20 993 693</u>	<u>18 095 034</u>	<u>2 898 659</u>
			<b>HOUSING SERVICE</b>			
			Administration	-	-	-
			<b>TRADING SERVICE</b>			
8 056 171	8 951 100	(894 929)	Electricity	10 674 363	10 489 833	184 530
<u>27 138 229</u>	<u>25 155 731</u>	<u>418 496</u>	<b>TOTAL</b>	<u>31 668 056</u>	<u>28 584 867</u>	<u>3 083 189</u>

**APPENDIX E (1)**

**UMUZIWABANTU MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)  
FOR THE YEAR ENDED 30 JUNE 2006**

	2006 Actual	2006 Budget	2006 Variance		Explanation of Significant Variances greater than 10%
	R	R	R	%	
<b>REVENUE</b>					
Property rates	3 502 266	3 462 000	40 266	1.2	Greater than budget because of non-payment of rates
Property rates-penalties and charges	699 131	585 000	114 131	19.5	
Service charges	7 299 355	6 950 000	349 355	5.0	This income was slightly over-budgeted
Rental on facilities and equipment	105 251	132 000	(26 749)	(20.3)	Increase due to better cash management
Interest earned-external investments	1 160 471	1 077 000	83 471	7.8	Decrease because of lack of staff
Fines	31 391	251 000	(219 609)	(87.5)	Decrease due to lack of staff
Licences and permits	873 878	1 352 500	(478 622)	(35.4)	Increase due to GRAP/GAMAP disclosure - and not in the budget
Government grants and subsidies	17 916 113	14 567 700	3 348 413	23.0	Sale of timber not accounted for because financial statements not available
Other Income	80 200	322 800	(242 600)	(75.2)	
<b>Total Revenue</b>	<b>31 668 056</b>	<b>28 700 000</b>			
<b>EXPENDITURE</b>					
Employee related costs	9 846 853	11 565 520	1 718 667	14.9	Budgeted posts not filled
Remuneration of Councilors	997 635	1 460 000	462 365	31.7	Budgeted increases did not materialise
Bad debts provision	827 739	5 600	(822 139)	(14 681.1)	Big provision necessary because of non-payment of services
Depreciation	1 561 557	-	(1 551 557)	(100.0)	This was not budgeted for - budget prepared before GRAP/GAMAP conversion
Repairs and maintenance	1 386 411	1 943 400	556 989	28.7	Under-expenditure
Interest paid	157 455	184 100	26 645	14.5	Expense over-budgeted
Bulk purchases	4 278 204	4 955 000	676 796	13.7	Expense over-budgeted
Contracted services	1 423 248	1 030 000	(393 248)	(38.2)	Expense under-budgeted
Grants paid	11 270	25 000	13 730	54.9	Under-expenditure
General expenses	6 326 392	6 337 300	10 908	0.2	
Government grants retained in creditors	1 778 103	-	(1 778 103)	(100.0)	Increase due to GRAP/GAMAP disclosure - and not in the budget
<b>Total Expenditure</b>	<b>28 584 867</b>	<b>27 505 920</b>			
<b>SURPLUS</b>	<b>3 083 189</b>	<b>1 194 080</b>			
<b>CHANGE IN ACCOUNTING POLICY</b>					
Implementation of GAMAP	-	(1 194 080)			
<b>SURPLUS FOR THE YEAR</b>	<b>3 083 189</b>				

**APPENDIX E (2)**

**UMUZIWABANTU MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)  
FOR THE YEAR ENDED 30 JUNE 2006**

Description	2006 Actual	2006 Budget	2006 Variance		Explanation of Significant Variances greater than 5 %
			Amount	%	
	R	R	R		
<b>Land and Buildings</b>					
Land	-	-	-		
Office	1 213 372	714 000	(499 372)	(70)	Unexpended grants not rolled over.
Workshop	-	200 000	200 000	100	Budgeted expenditure not incurred.
Public toilets	-	-	-		
Housing projects	-	-	-		
	1 213 372	914 000	(299 372)		
<b>Infrastructure</b>					
Roads, Streets, Taxi ranks	-	-	-		
Electricity	301 694	150 000	(151 694)	(101)	Unexpended grants not rolled over.
	301 694	150 000	(151 694)		
<b>Community Assets</b>					
Dump fencing	-	-	-		
Cemetery fencing	-	-	-		
Plantations and machinery	-	-	-		
Sports Clubs	-	-	-		
Library	-	100 000	100 000	100	Budgeted expenditure not incurred.
Town hall	-	150 000	150 000	100	Budgeted expenditure not incurred.
Clinic	-	-	-		
Estates	-	-	-		
Community buildings	29 567	2 350 000	2 320 433	99	Grants not secured.
	29 567	2 600 000	2 570 433		
<b>Other Assets</b>					
Motor vehicles	250 488	200 000	(50 488)	(25)	Expenditure was under-budgeted.
Plant, machinery and equipment	136 680	746 000	609 340	82	Budgeted expenditure not incurred.
Weapons	0	0	-		
Disaster management equipment	0	0	-		
Office equipment	4 798	180 000	185 202	97	Delay in the construction of new offices.
Office furniture and fittings	40 886	150 000	109 114	73	Delay in the construction of new offices.
Dipping and grazing	0	0	-		
	432 832	1 286 000	853 168		
<b>Non Capital Items</b>	-	5 050 000	5 050 000	100	Grants not secured.
	-	-	-		
<b>Total Assets</b>	<b>1 977 465</b>	<b>10 000 000</b>	<b>8 022 535</b>		

**APPENDIX F**

**UMUZIWABANTU MUNICIPALITY: DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123  
OF THE MUNICIPAL FINANCE MANAGEMENT ACT**

Name of Grant	Name of organ of state or municipal entity	Unspent at 30.06.2005	Received 2006	Expended 2006	Unspent 30.06.2006
		R	R	R	R
Equitable Share	National	820 353	14 190 867	(13 381 698)	1 629 522
Violence Damage	Province of KZN	956 683			956 683
Tourism Plan	Province of KZN	66 686			66 686
Stormwater Culvert	Province of KZN	42 643			42 643
CMIP	Province of KZN	28 435			28 435
Management Assistance Programme	Province of KZN	458 137	700 000	(377 858)	780 279
KZNPA - Management audit	Province of KZN	134 572			134 572
KZNPA - Metering	Province of KZN	102 812			102 812
KZNPA - Administration Facilities	Province of KZN	193 079		(158 582)	34 497
LUMS	Province of KZN	137 200	60 000	(124 200)	73 000
Municipal Buildings	Province of KZN	1 054 790		(1 054 790)	-
Integrated Development Plan	Province of KZN	50 000	50 000		100 000
Library	Province of KZN	79 793			79 793
Poultry Project	Province of KZN	5 984			5 984
Honey Production	Province of KZN	800 000			800 000
Property Rates Act	Province of KZN	63 125	165 000	(11 059)	217 066
Inter Department Monitoring	Province of KZN	42 015	40 000	(42 858)	39 157
Management Finance Support	Province of KZN	128 176	250 000	(262 714)	115 462
PMS	Province of KZN	70 000	70 000	(8 193)	131 807
MFMA Implementation	National Treasury	19 554	100 000	(98 898)	20 656
Kwa Fodo Housing	Province of KZN	-	2 352 887	(2 012 307)	340 580
Home Owners Ploughing	UGU District Municipality	-	41 667	(38 137)	3 530
Municipal Housing Plan	Province of KZN	-	50 000	(49 875)	125
Nhlanguano Kwa Jali Housing	Province of KZN	-	690 280	(513 770)	176 510
Community Development Workers	Province of KZN	-	72 000	(15 940)	56 060
LED Support	UGU District Municipality	-	75 000		75 000
Community Participation	UGU District Municipality	-	50 000		50 000
Municipal Infrastructure	Province of KZN	-	275 000		275 000
		4 433 684	5 041 834	(4 769 181)	4 706 337
<b>Total National and Provincial</b>		<b>5 254 037</b>	<b>19 232 701</b>	<b>(18 150 879)</b>	<b>6 335 859</b>
<b>NOTES</b>					

1.No grants were delayed or withheld

2.Conditions in terms of the Division of Revenue Act were complied with in all instances